

Instructions for the Protected Taxes Workbook

The attached workbook is designed to provide taxing units that have completed a circuit breaker credit reallocation under IC 6-1.1-20.6-9.8 or school corporations that have been approved for the waiver from protected taxes under IC 6-1.1-20.6-9.9 with guidance on the needed transfers of property tax distributions in order to arrive at the circuit breaker credit allocation. This information is very important for the preparation and review of 2017 budgets.

In addition, this workbook provides these taxing units with guidance on the impact of the modified circuit breaker credit allocation on the budget preparation for the 2017 budget year. **This workbook is not an official calculation or certification by the Department of Local Government Finance (“Department”).** It is intended to be a tool for taxing units only.

For cross-county units, this workbook should be completed for each part of the unit (one workbook for each county in which the unit is located). For school corporations that received a waiver from protected taxes, the Amended Circuit Breaker Allocation as discussed herein has been computed for each part of the unit. Once each part of the unit has been calculated, the taxing unit should total the various amounts from each workbook to arrive at the final figures for the purposes of property tax distribution transfers required and the 2017 budget forms.

The Department requests that taxing units using this workbook provide finished copies of the final reports (CB Worksheet and Budget Worksheet tabs) to their budget field representative in order to assist in the 2017 budget review. These reports can be emailed to the unit’s budget field representative.

The Workbook is composed of three worksheets, only one of which taxing units may modify. The instructions below provide information on how to complete the Data Entry Screen. The instructions then provide a summary of the calculations being performed on the CB Worksheet and Budget Worksheet tabs.

If you have any questions on this workbook, please contact your field representative. Contact information can be found at http://www.in.gov/dlgf/files/Field_Rep_Map_-_Budget.pdf.

Data Entry

1. Unit Name: Enter the name of the taxing unit for which the workbook is being prepared.
2. Fund Number: Enter the fund number for each fund of the taxing unit that was certified in the 2016 budget order. Do not include home-ruled funds or other funds of the unit that were not certified in the budget order. When entering the fund numbers, ensure each fund number is four digits long by including leading zeros as needed (example: 0061).

RESOURCE FOR INFORMATION: 2016 Budget Order (can be accessed by selecting appropriate county from the County Specific Information page, <http://www.in.gov/dlgf/2339.htm>).

3. Certified Levy: Enter the 2016 certified levy for each fund.

RESOURCE FOR INFORMATION: 2016 Budget Order (can be accessed by selecting appropriate county from the County Specific Information page, <http://www.in.gov/dlgf/2339.htm>).

4. Levy Based on Abstract AV: Enter the Levy Based on Abstract AV shown on the unit's circuit breaker report for each fund. Funds that had a \$0 certified levy will not be shown on circuit breaker report. For those funds, please enter \$0 in the column.

RESOURCE FOR INFORMATION: Impact of Property Tax Caps, 2016 (<http://www.in.gov/dlgf/9515.htm>)

5. Circuit Breaker from Circuit Breaker Report: Enter the Total Circuit Breaker Credits shown on the unit's circuit breaker report for each fund. Funds that had a \$0 certified levy will not be shown on circuit breaker report. For those funds, please enter \$0 in the column.

RESOURCE FOR INFORMATION: Impact of Property Tax Caps, 2016 (<http://www.in.gov/dlgf/9515.htm>)

6. Circuit Breaker Reallocation: For taxing units completing the circuit breaker credit reallocation under IC 6-1.1-20.6-9.8, enter the amounts of reallocated circuit breaker credits. For school corporations approved for a waiver from protected taxes under IC 6-1.1-20.6-9.9, enter the amended circuit breaker allocation emailed directly to the school corporation. These amended circuit breaker credits show the circuit breaker credits attributable to each fund assuming no protected taxes for the school corporation.

RESOURCE FOR INFORMATION: Reallocation of Circuit Breaker Credits OR Amended Circuit Breaker Allocation for School Corporations that Received a Waiver from Protected Taxes Under IC 6-1.1-20.6-9.9

7. June Distributions: For each fund, enter the amount of property taxes distributed to the fund by the county auditor for the June settlement. If the taxing unit received advances prior to the June settlement, enter the total amount of property taxes distributed to the fund in the first half of 2016. Ensure that only property tax distributions are included in these values. Do not include excise, income tax distributions, or other distributions that may have been received from the county auditor.

Please note that the county auditor will distribute funds without regard to any reallocations of circuit breaker credits or waivers from protected taxes. This workbook is designed to assist taxing units in determining how to redistribute the property tax revenue received from the county auditor in order to effectuate the reallocation. This redistribution will be completed by the taxing unit after the property tax revenue has been received.

RESOURCE FOR INFORMATION: Form 22 received from the county auditor.

8. Will the June Distribution Be Receipted in by June 30?: Use the dropdown options to select Yes or No for this question. This question pertains to the original distribution received from the county auditor prior to any subsequent redistribution. The timing of the receipt of the June distribution will impact the amounts to be used in 2017 budget preparation.
9. Will the Necessary Transfers Be Made by June 30?: Use the dropdown options to select Yes or No for this question. This question pertains to any transfers that are needed in order to redistribute the property tax revenue to arrive at the reallocation of circuit breaker credits or the waiver from protected taxes. The timing of these transfers will impact the amounts to be used in 2017 budget preparation.

CB Worksheet

The Circuit Breaker Allocation Worksheet for Payable Year 2016 is a read-only worksheet. Taxing units can print this worksheet for documentation purposes. This worksheet will populate with information based on the data entered on the Data Entry screen.

The Post Reallocated Circuit Breaker Abstract Levy shown on this worksheet represents the net tax levy for each fund after consideration of the reallocated circuit breaker credits entered into the Circuit Breaker Reallocation column on the Data Entry Screen. Based on this net tax levy, the worksheet computes the June distributions that would have occurred if the reallocated circuit breaker credits had been applied prior to the county auditor's distribution. The final column on this worksheet then shows the transfers that are necessary in order to take the actual June distributions shown in the June Distributions column and arrive at the Reallocated June Distributions. Positive amounts in the Transfers Required column are amounts that need to be transferred into the identified fund, while negative amounts represent money to be transferred out of the identified fund.

Budget Worksheet

The Budget Preparation Worksheet for Budget Year 2017 is a read-only worksheet. Taxing units can print this worksheet for documentation purposes. This worksheet will populate with information based on the data entered on the Data Entry screen.

The Budget Preparation Worksheet provides advisory information on completing 2017 budget forms for each fund as a result of the reallocation of circuit breaker credits. **The values shown on this worksheet are not final Department calculations and should not be construed to be approved values.** During budget review, the Department will review these fields as always and will make modifications if needed. Three values are identified on this worksheet.

The values in the Form 2, Column A, R910 column reflect any transfer of funds into a fund that needs to be completed after June 30, 2016. This value will go on the fund's Budget Form 2, Estimate of Miscellaneous Revenues. Column A is for revenues to be received in the second half of the current year (2016). R910 is the revenue code for Transfers In. If a fund had a positive Transfer Required value shown on the Circuit Breaker Allocation Worksheet and the taxing unit indicated that the transfer would not occur by June 30, then a value will be shown in this column. If the fund either had a negative Transfer Required amount or the taxing unit indicated that the transfers would occur prior to June 30, then the value in this column would be \$0. The value shown here should be added together with any other Transfers In that the taxing unit needs to document for the purposes of completing its Form 2.

The values in the Form 4B, Line 4B column reflect any transfer of funds out of a fund that need to be completed after June 30, 2016. This value will go on the fund's Budget Form 4B, Budget Estimate, Financial Statement, and Proposed Tax Rate. Line 4B is officially called Temporary Loans Not Repaid by December 31. While this transfer out is not a temporary loan but is a permanent transfer, Line 4B is the best place on the Form 4B to capture this type of transfer that would be made in the second half of the current year. If a fund had a negative Transfer Required value shown on the Circuit Breaker Allocation Worksheet and the taxing unit indicated that the transfer would not occur by June 30, then a value will be shown in this column. If the fund either had a positive Transfer Required amount or the taxing unit indicated that the transfers would occur prior to June 30, then the value in this column would be \$0. The value shown here should be added together with any other temporary loans not anticipated to be repaid by December 31 that the taxing unit needs to document for the purposes of completing its Form 4B.

The last column on the Budget Preparation Worksheet is the value to be entered into Form 4B, Line 7 for each fund. Line 7 is the amount that reflects the property taxes to be collected in the fund in the second half of the current year, commonly known as December Property Tax Collections. The reallocation of circuit breaker credits or the waiver from protected taxes impacts the property tax distributions for the unit for the whole year. As a result, it is necessary to modify the December tax collections used on the Form 4B to reflect the reallocation of circuit breaker credits.

In order to compute this value, the calculation looks at two main things – whether or not the June distributions were receipted in prior to June 30 and the type of fund. Funds for which the June

distributions received from the county auditor were receipted in by June 30 will reflect this distribution in the June 30 cash balance shown on Line 6 of the Form 4B. For those funds, Line 7 will show only the amount of property taxes anticipated to be collected in the second half of the year. If a taxing unit has not receipted property taxes into a fund by June 30, then Line 7 will reflect a full year's tax distribution.

The calculation of the Line 7 amount will also look at the type of fund in order to determine the starting point for the calculation. For protected funds (debt service funds), exempt funds (voter-approved referendum funds and certain debt funds in Lake and St. Joseph Counties), and need-driven cumulative funds (School Capital Projects Fund), the starting point will be the Certified Levy for the fund. This restriction is in place to ensure that a taxing unit does not raise a property tax levy to make up for circuit breaker losses in the fund. These funds are all need-driven and do not have other controls in place to prevent this type of levy increase. For all other funds, the starting point will be the lesser of Certified Levy or the Post Reallocated Circuit Breaker Abstract Levy shown on the Circuit Breaker Allocation Worksheet.

Please see the next page for a chart of how these two components interact to arrive at the amount shown in the Form 4B, Line 7 column.

Calculation of Form 4B, Line 7 Value

June Distributions Received In By June 30

Need Driven Fund (debt service funds, exempt funds, School Capital Projects Funds)

Certified Levy minus Reallocated June Distributions from the Circuit Breaker Allocation Worksheet

All Other Funds (levy-controlled funds, rate-controlled cumulative funds)

Lesser of Certified Levy or Post Reallocated Circuit Breaker Abstract Levy from the Circuit Breaker Allocation Worksheet minus Reallocated June Distributions from the Circuit Breaker Allocation Worksheet

June Distributions NOT Received In By June 30

Need Driven Fund (debt service funds, exempt funds, School Capital Projects Funds)

Certified Levy

All Other Funds (levy-controlled funds, rate-controlled cumulative funds)

Lesser of Certified Levy or Post Reallocated Circuit Breaker Abstract Levy from the Circuit Breaker Allocation Worksheet